

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

<b>In the Matter of</b>	)	
	)	
<b>Federal-State Joint Board on</b>	)	<b>CC Docket No. 96-45</b>
<b>Universal Service</b>	)	

**COMMENTS OF MCI**

WorldCom, Inc., d/b/a MCI ("MCI") hereby responds to the Recommended Decision of the Federal-State Joint Board on Universal Service (Joint Board) regarding revisions to the universal service low-income programs, Lifeline and Link-Up.<sup>1</sup> MCI supports the efforts of the Joint Board and the Commission to enhance the effectiveness of these programs.

In particular, we agree with the Joint Board that Lifeline and Link Up must be carefully targeted and must have in place adequate controls for avoiding fraud, waste, or abuse. If the program is not carefully targeted and does not contain these controls, the size of the universal service fund will increase unnecessarily. With the contribution factor nearing 10 percent, the universal service support mechanisms cannot withstand any unnecessary increases at this time. As WorldCom discussed in its comments in the pending proceeding to reform universal service assessment and recovery mechanisms, increases in the size of the universal service fund, coupled with decreasing long-distance voice revenues experienced by IXC's, will result in universal service line charges in

---

<sup>1</sup> In the Matter of Federal-State Joint Board on Universal Service, Recommended Decision, CC Docket No. 96-45, rel. April 2, 2003.

amounts that may be unsustainable.<sup>2</sup> The size of the universal service fund is \$5.5 billion and growing. The Bush administration predicts that by 2006 the universal service fund will be \$7.9 billion.<sup>3</sup> Meanwhile, long distance revenues are in a sustained decline, providing IXC's with fewer dollars from which to recoup their universal service costs. The combined effect of these circumstances mean that universal service line charges, which currently are 9.5 percent of a customer's interstate bill, may well increase to 10 percent or more. Increasing line charges will undermine the universal service support programs, including Lifeline and Link Up.

The most significant recommendation made by the Joint Board could increase the current \$647 million dollar Lifeline program by potentially more than \$100 million.<sup>4</sup> Specifically, the Joint Board recommends expanding the consumer eligibility criteria to include an income-based criterion of criterion of 135 percent of the Federal Poverty Guidelines (FPG).<sup>5</sup> Although we believe that adding the 135 percent FPG criterion is a reasonable way to attempt to increase low-income subscribership, the potential increase of \$100 million is not insignificant. The Commission therefore should first adopt a connections-based contribution mechanism, which could more easily absorb the potential increases in the size of the Lifeline programs, because the number of connections on which to recover universal service costs is not – unlike revenues – declining. Furthermore, MCI's connections-based proposal would not assess Lifeline consumers a universal service line charge, which would help advance the goals of the Lifeline program.

---

<sup>2</sup> See WorldCom Comments, *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, filed June 25, 2001, at p. 9, note 14 (discussing current proposals that would increase the size of the universal service fund).

<sup>3</sup> See *Fiscal Year 2002 Budget of the United States Government: Analytical Perspectives*.

Furthermore, we support the Joint Board's recommendation that all states be required to adopt certification procedures for a customer to document that he or she meets the income-based eligibility criterion (rather than just being able to self-certify eligibility). MCI believes this is integral to helping to avoid fraud, waste, and abuse in the program, and we urge the Commission to adopt this part of the Joint Board's recommendation. We also support the Joint Board's recommendation to require all states to establish procedures to verify consumers' continued eligibility for the programs.<sup>6</sup> This will ensure that the low-income support mechanism is updated, accurate, and carefully targeted to provide support to only those consumers who are eligible at any given time.

For consumers qualifying for Lifeline through participation in a government assistance program (as opposed to qualifying under an income guideline) we similarly urge the Commission to require that they provide independent verification that they are eligible to receive Lifeline and Link Up assistance. Currently, consumers in states that do not participate in the federal Lifeline program are permitted to "self-certify" their eligibility.<sup>7</sup> Consumers in states that do participate in the Federal Lifeline program are subject to their particular state's rules regarding eligibility verification.<sup>8</sup> The Commission should require eligible telecommunications carriers in states that do not participate in the federal Lifeline program to obtain from customers independent eligibility verification (e.g., a copy of a food stamp coupon) in order for those customers to receive Lifeline and Link Up assistance. Similarly, the Commission should require state regulatory agencies in states that do participate in the federal Lifeline program to

---

<sup>4</sup> Recommended Decision, ¶ 18, n.58 and Appendix F.

<sup>5</sup> Recommended Decision, ¶ 10.

<sup>6</sup> Recommended Decision ¶¶ 41, 43.

mandate that customers provide independent eligibility verification in order to receive Lifeline and Link Up assistance.

Requiring this type of eligibility certification should not adversely affect enrollment in the programs, because eligible consumers presumably possess documentation that they are participating in a government assistance program or meet the required income standard. The public interest benefits of keeping the fund size sustainable, balanced against the minimal burden on consumers of providing documentation of their eligibility for the programs, warrant a requirement that there be independent verification of Lifeline and Link Up eligibility in all states.

For the reasons stated above, the Commission should not make any changes to the low-income programs that would increase the size of the fund before adopting a connections-based mechanism in its contribution methodology proceeding. The Commission also should help minimize fraud, waste, and abuse in the low-income programs by requiring all consumers (whether applying for Lifeline assistance via an income-based criterion or through a government assistance program) to independently verify that they are eligible.

Respectfully submitted,

/s/  
Lori Wright  
MCI  
1133 19<sup>th</sup> Street, N.W.  
Washington, D.C. 20036  
(202) 736-6468

August 18, 2003

---

<sup>7</sup> *In the Matter of Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45 (rel. May 8, 1997) (Universal Service Order) ¶ 377.

<sup>8</sup> Universal Service Order ¶ 376.